

NCTA Semi-Annual Report

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NORTH CAROLINA

Turnpike Authority

NORTH CAROLINA TURNPIKE AUTHORITY

2011 ANNUAL REPORT

MESSAGE FROM THE SECRETARY AND TURNPIKE AUTHORITY EXECUTIVE DIRECTOR

The past year has been one of exciting milestones on toll projects across North Carolina. Our crowning achievement was opening the initial section of North Carolina's first modern toll road, the Triangle Expressway, in December. Along with this, we launched sales of NC Quick Pass™ transponders and opened our state-of-the-art Customer Service Center in Morrisville. This new all-electronic toll technology will pave the way for toll collection on other Turnpike Authority facilities planned throughout our state, and early sales of the transponders have far surpassed initial estimates.

We also recently received a ruling in U.S. District Court that allows us to proceed with the Monroe Connector/Bypass in the Charlotte region, which will soon be North Carolina's second toll highway in operation. Progress on the Connector/Bypass was stalled for nearly a year as we awaited the court's decision on a lawsuit challenging the project's environmental analysis. We are pleased that the judge ruled in our favor regarding this matter and have begun final design and right-of-way acquisition. Construction on the project will begin in the summer of 2012.

Significant steps were taken on other proposed toll projects throughout the state. The Record of Decision signaling final federal approval of the Garden Parkway in Gaston and Mecklenburg counties is expected in January 2012. We are moving forward with obtaining permits and the design-build procurement process, and we expect to award contracts and begin right-of-way acquisition later next year. Similarly, the Mid-Currituck Bridge is in the final environmental planning stage and is close to reaching commercial close. Final design and right-of-way acquisition are slated to begin later in 2012. As part of North Carolina's first major transportation public-private partnership, the private developer for the Mid-Currituck project will assume all its toll revenue risk.

We are also continuing to make progress on the proposed Cape Fear Skyway in Brunswick and New Hanover counties. As with our other projects, we are maintaining an open dialogue with community stakeholders and the public as we move forward with planning and preliminary engineering activities. Likewise, public outreach has been important in our efforts on the Triangle Expressway Southeast Extension in Wake County, which is currently on hold in accordance with legislation enacted earlier this year.

In concert with our efforts to advance these projects, we are making great strides in the area of interoperability and the establishment of a shared clearinghouse that will allow participating states to work together to utilize each other's electronic toll collection technology. Closing the gap that exists between the tolling systems in the various states is critical to the future of toll facilities throughout the nation.

We thank the North Carolina General Assembly for its ongoing partnership in making toll roads a reality for our state. As North Carolina's transportation demands grow and evolve, toll funding plays an increasingly prominent role in financing needed improvements and maintaining the quality of our infrastructure. Your support will remain key as we move forward with this important endeavor.

Sincerely,



Eugene A. Conti, Jr.
Secretary
North Carolina Department of Transportation



David W. Joyner
Executive Director
Turnpike Authority

TRIANGLE EXPRESSWAY

North Carolina's first modern toll highway, the 18.8-mile Triangle Expressway in Wake and Durham counties, will connect I-40 at N.C. 147 (the Durham Freeway) with the N.C. 55 Bypass near Holly Springs. The project is being constructed in two phases and will encompass an existing portion of N.C. 540 between N.C. 54 and N.C. 55.

At a cost of just over \$1 billion, the Triangle Expressway is the single largest transportation infrastructure project in North Carolina history and aims to improve commuter mobility, accessibility and connectivity to western Wake County and Research Triangle Park while reducing congestion on the existing north-south routes that serve the Triangle region, primarily N.C. 54 and N.C. 55.

Phase I: Triangle Parkway

December 8, 2011 marked a significant milestone in the development of the Triangle Expressway with the opening of its first section, the 3.5-mile Triangle Parkway connecting I-40 at N.C. 147 (the Durham Freeway) with N.C. 540. Tolls will be collected on the new multi-lane highway starting January 3, 2012.



The \$137 million project was completed by contractor S.T. Wooten Corp. of Wilson utilizing a design-build approach, which allows a single team to oversee all aspects of the project from design through construction to expedite completion time and ensure project quality. The project broke ground in August 2009. It also includes widening approximately 2 miles of existing N.C. 147 in the median from I-40 to T.W. Alexander Drive. The Triangle Parkway project received

the 2012 Grand Award for Engineering Excellence in Transportation and the 2012 People's Choice Award from the American Council of Engineering Companies of North Carolina.

Phase II: Western Wake Freeway

The Expressway's second and longer section, the 12.6-mile, six-lane Western Wake Freeway, is expected to open later in 2012. The project began construction in December 2009 and will connect N.C. 540 at N.C. 55 in Cary to the N.C. 55 Bypass in Holly Springs. Right-of-way acquisition, final engineering design and construction activities are currently underway and are progressing ahead of schedule. The Authority anticipates opening a portion of the Expressway from N.C. 55 in Cary to U.S. 64 in Apex in August 2012. The rest of the project to Holly Springs will open in December 2012. Work on the \$446.4 million design-build project is being completed by the Raleigh-Durham Roadbuilders (a joint venture of Archer Western Construction LTD and Granite Construction Co.).

Schedule Snap Shot

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|---|------------------|
| <i>Launched Sale of NC Quick Pass™ Transponders</i> | October 11, 2011 |
| <i>Opened Phase I: Triangle Parkway</i> | December 8, 2011 |
| <i>Begin Toll Collection on Triangle Parkway</i> | January 3, 2012 |
| <i>Begin Toll Collection on N.C. 540</i> | Later in 2012 |
| <i>Open Phase II: Western Wake Freeway</i> | Later in 2012 |



TURNPIKE LAUNCHES NC QUICK PASS™

The state's first all-electronic toll collection system, NC Quick Pass™, was launched October 11, culminating more than a year of work by the Turnpike Authority to implement this new technology. NC Quick Pass™ transponders will be used for the payment of tolls on the newly opened Triangle Expressway starting January 3, 2012. Customers who choose not to purchase a transponder will have a picture of their license plate taken as they travel along the Expressway that will be used to bill them by mail at a higher toll rate.

The Triangle Expressway is fully equipped with an all-electronic toll collection system that uses electronic transponders and video cameras to capture vehicle information and facilitate billing. The roadside and back office toll collection systems were designed, developed, installed and implemented by ACS, a Xerox Company. Testing of both systems was successfully completed by ACS and the Turnpike Authority, and they are ready for tolling.

The NC Quick Pass™ Customer Service Center opened for business in Morrisville, with two customer service supervisors and nine customer service representatives hired by URS. An additional 20 employees have been hired to date. Initial NC Quick Pass™ transponder sales have exceeded expectations, with more than 1,000 transponders sold within the first two weeks of availability. Sales have not declined and nearly 10,000 transponders were sold by the end of 2011. The transponders are available for purchase at the NC Quick Pass™ Customer Service Center and online at www.ncquickpass.com

On November 20, the Turnpike Authority co-hosted the Triangle Expressway 5K Trot and Family Fun Day with Mothers Against Drunk Driving (MADD) to introduce the Triangle Expressway and NC Quick Pass™ to the community. The event raised more than \$20,000 in proceeds for MADD.



MONROE CONNECTOR/BYPASS

The Monroe Connector/Bypass is a planned 19.7-mile new location roadway from U.S. 74 at I-485 in eastern Mecklenburg County to U.S. 74 between the towns of Wingate and Marshville in Union County.

The Turnpike Authority received a Record of Decision on the Monroe Connector/Bypass project from the Federal Highway Administration in August 2010.

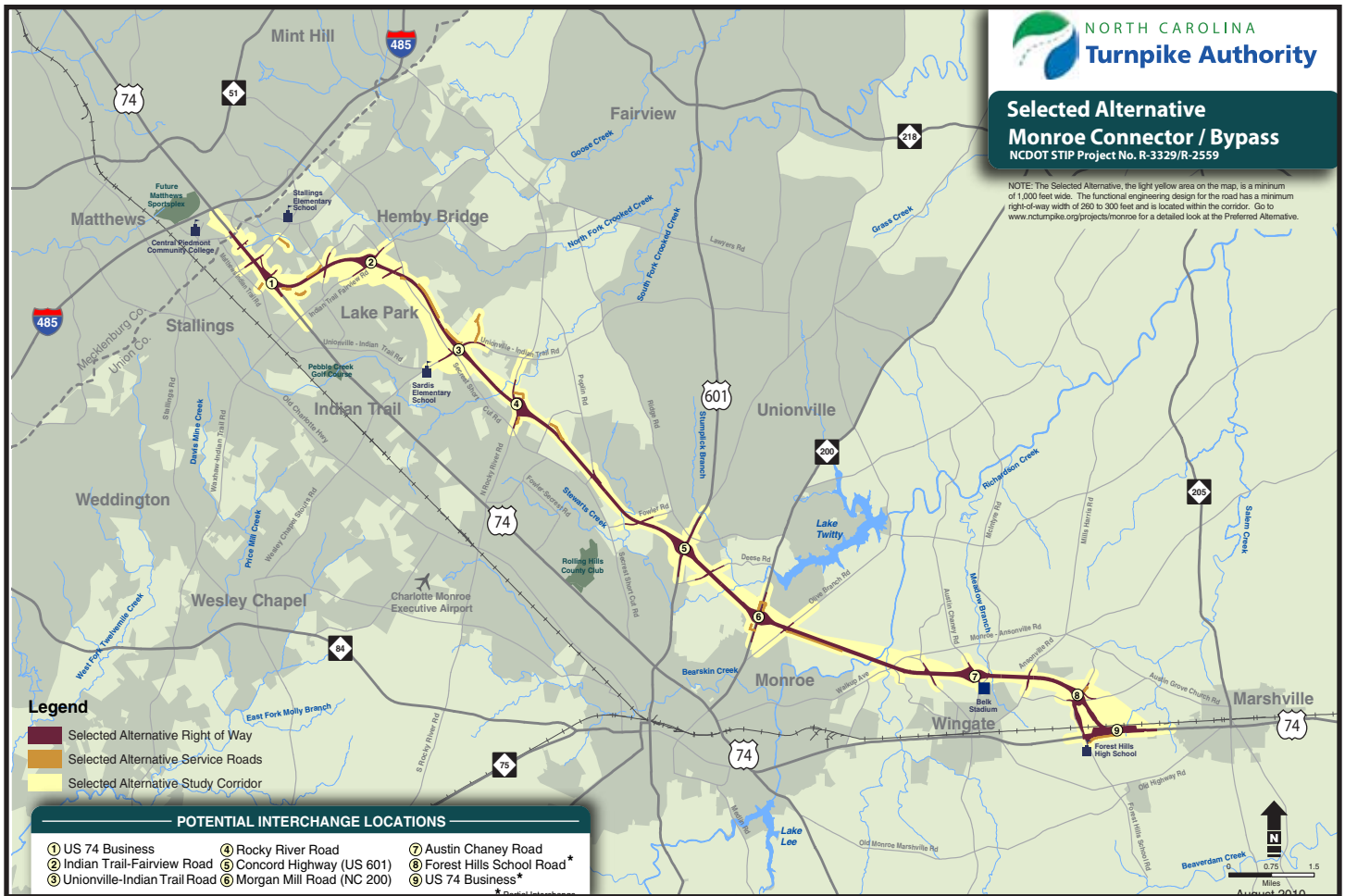
On November 2, 2010, the Southern Environmental Law Center (SELC) filed a lawsuit challenging the project's environmental analysis on behalf of Clean Air Carolina, the NC Wildlife Federation and Yadkin Riverkeeper. An initial request for an injunction by the SELC was denied in December 2010. In April 2011, the project received the final environmental permit needed for construction and on October 24, 2011, U.S. District Court Judge James Dever, III ruled in favor of the Turnpike Authority. The 28-page ruling stated that the analysis concerning the Monroe Connector/Bypass complied with the National Environmental Policy Act of 1969. The judge also stated that the department undertook thorough efforts to ensure that its data and analysis were proper.

In November, the Authority received approval of the project's plan of finance and issued the remainder of the bonds needed to finance and award the \$367.7 million design-build contracts to the low bidder, a Joint Venture of United Infrastructure Group Inc., Boggs Paving Inc. and Anderson Columbia Company Inc., and lead design firm Rummel, Klepper & Kahl LLP. Construction is expected to begin in summer 2012, with the road opening to traffic in 2015.

The Authority held a project kick off meeting for the community on December 5 where more than 500 people were able to review the latest designs, meet with right of way agents about their property and learn more about North Carolina toll operations. The Authority also opened a Right of Way office in Indian Trail to help facilitate a customer friendly approach to right of way acquisitions and continues to work closely with the community on design considerations.

Schedule Snap Shot

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|--------------------------------------|--------------------------|
| <i>Awarded Design-Build Contract</i> | November 15, 2011 |
| <i>Work on Final Designs</i> | November to May 2012 |
| <i>Right of Way Acquisition</i> | 1st Quarter 2012 to 2013 |
| <i>Begin Construction</i> | Summer 2012 |
| <i>Open to Traffic</i> | 2015 |



GARDEN PARKWAY

The Garden Parkway, also known as the Gaston East-West Connector, is a proposed 21.9-mile toll road that will connect I-85 west of Gastonia in Gaston County to I-485 near the Charlotte-Douglas International Airport in Mecklenburg County. The initial construction would include a four-lane roadway with new crossings over the Catawba and South Fork rivers to U.S. 321 and a two-lane roadway within a four-lane right of way between U.S. 321 and I-85.

The project aims to improve east-west transportation mobility in the area around the City of Gastonia as well as between Gastonia and the Charlotte metropolitan area, while also establishing direct access between southeast Gaston County and western Mecklenburg County. Travel time savings may exceed 25 minutes for some trips.

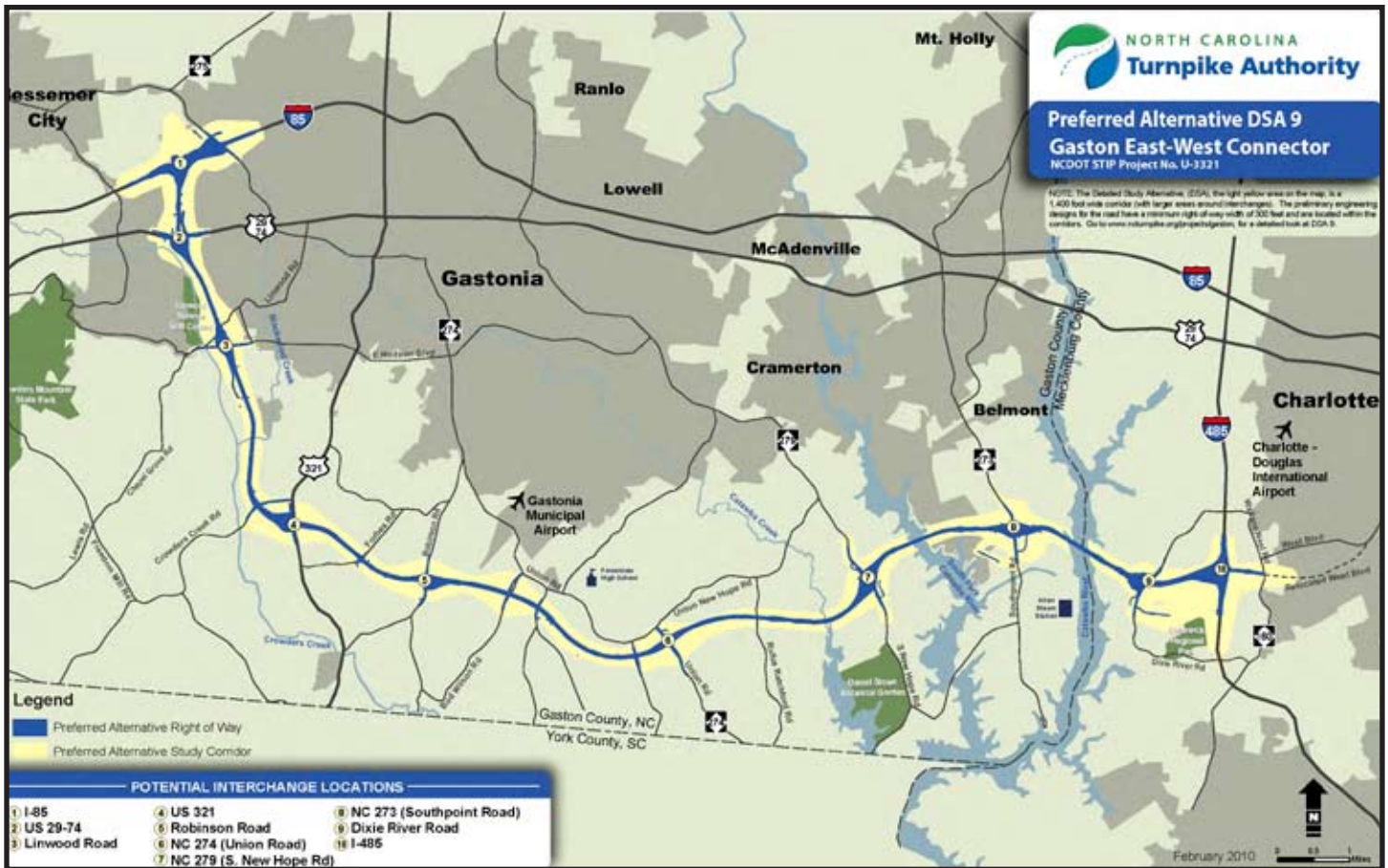
Alternative 9 was identified as the preferred alternative for the Garden Parkway in its Final Environmental Impact Statement, approved in December 2010. The Federal Highway Administration is expected to issue its Record of Decision indicating formal federal approval of the preferred alternative corridor in January 2012. The Record of Decision also authorizes the Authority to proceed with final design, right-of-way acquisition and construction as funds are available. Once the Record of Decision is received the Authority will issue a Request for Proposals from interested design-build teams.

The project has been separated into two procurement structures East and West to create more opportunities for local contractors. The East section will include a 9.5-mile four-lane, divided highway that will run from I-485 in Mecklenburg County to just west of Wilson Farm Road. The contract for this section will also encompass toll operations for the entire project. The West section will include a new four-lane road between Wilson Farm Road and U.S. 321 and a new two-lane road between U.S. 321 and I-85, totaling 11.5 miles.

The project is estimated to cost about \$900 million. Final costs will be determined during design. The Authority expects to issue bonds for the Parkway in summer 2012 and begin construction later in 2012.

Schedule Snap Shot

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| <i>Record of Decision</i> | January 2012 |
| <i>Advertise Design Build East and West</i> | 1st Quarter 2012 |
| <i>Obtain Environmental Permits</i> | Summer 2012 |
| <i>Final Plan of Finance</i> | Summer 2012 |
| <i>Award Design Build Contracts</i> | Summer 2012 |
| <i>Begin Right-of-Way Acquisition</i> | Fall 2012 |
| <i>Begin Construction</i> | 2013 |
| <i>Open to Traffic</i> | December 2015 |



MID-CURRITUCK BRIDGE

In February, the Authority selected a preferred alternative for the Mid-Currituck Bridge, a proposed 7-mile, two-lane toll project that spans Currituck Sound and connects U.S. 158 near Aydlett with N.C. 12 on the Outer Banks south of Corolla. The selected alternative, identified in the project's Draft Environmental Impact Statement as MCB4/C1, places the bridge in the northern (C1) corridor with a second bridge across Maple Swamp (Option A). Aydlett Road would remain open to traffic and turning movements would not be restricted at Waterlily Road.

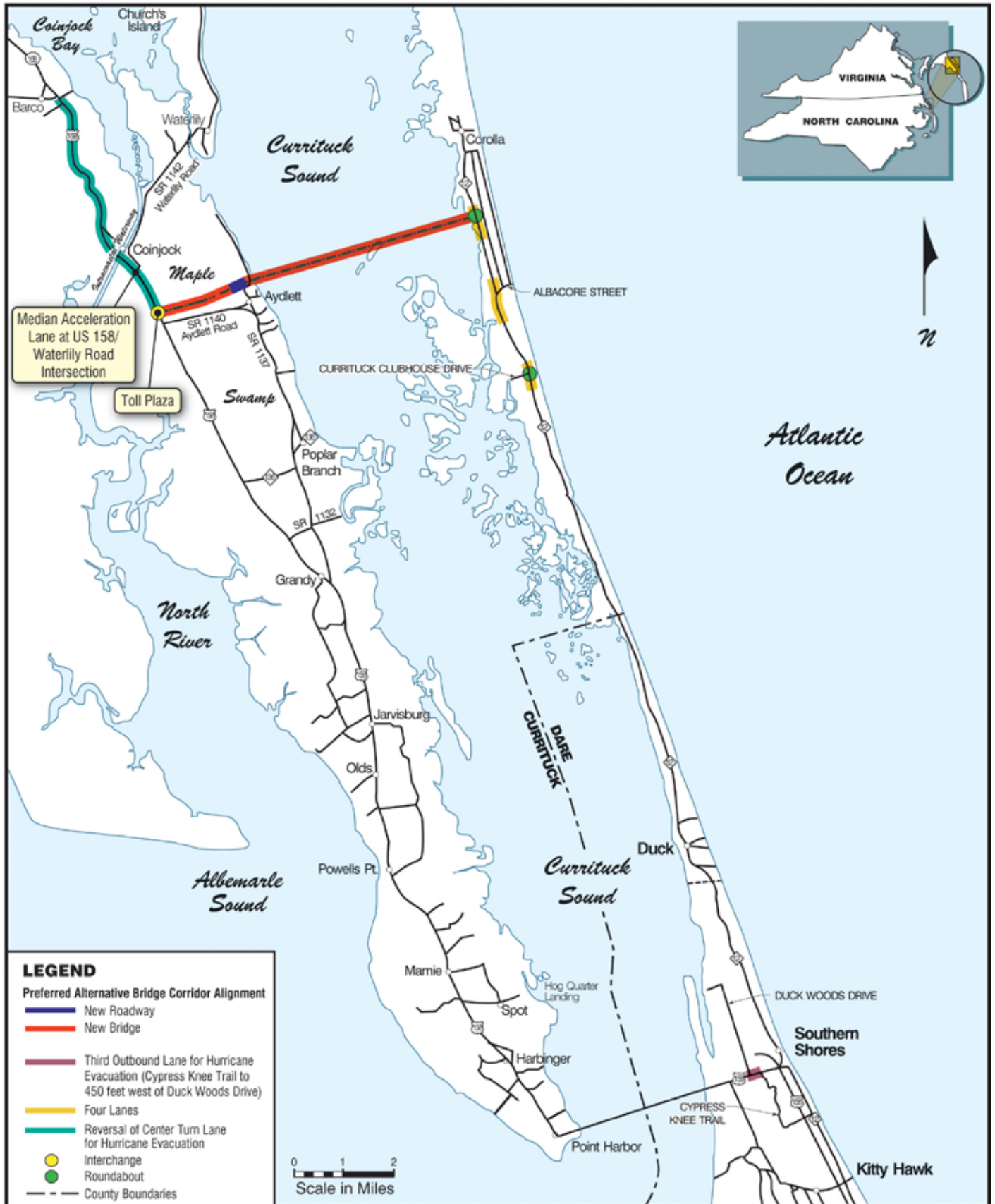
The preferred alternative was selected based on numerous factors including: cost and design considerations; travel benefits; minimization of community, natural resource and other impacts; agency comments; and public input. Since the close of the project's formal Draft Environmental Impact Statement comment period in June 2010, the Authority has been working with environmental resource and regulatory agencies to resolve key concerns. Based on this feedback, the preferred alternative was revised to further minimize impacts to natural resources and the community.

The project is expected to reduce travel time and congestion as well as provide an alternative hurricane evacuation route for the northern Outer Banks. Preliminary costs are estimated at about \$580 million, and the Authority anticipates financing the project through a combination of state appropriation bonds, toll revenue bonds and private equity.

The Final Environmental Impact Statement for the Mid-Currituck Bridge is expected in January. The Authority is in negotiations and nearing commercial close on the project. A limited "Notice to Proceed" is expected to begin final design and right-of-way acquisition later in 2012. The project is North Carolina's first major transportation improvement funded through a public private partnership, and as part of the agreement with private developer Currituck Development Group LLC, they will assume all toll revenue risk on the project.

Schedule Snap Shot

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| <i>Final Environmental Impact Statement</i> | January 2012 |
| <i>Commercial Close</i> | 2nd Quarter 2012 |
| <i>Record of Decision</i> | 2nd Quarter 2012 |
| <i>Begin Final Design</i> | 2nd Quarter 2012 |
| <i>Begin Construction</i> | Late 2012 |
| <i>Open to Traffic</i> | 2017 |



CAPE FEAR SKYWAY

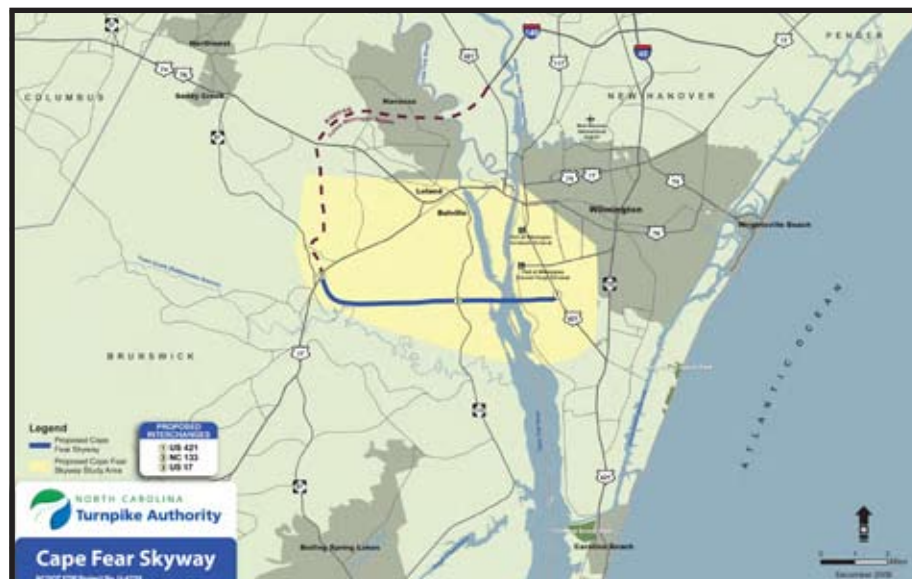
The Turnpike Authority continues to advance the environmental and design studies for the Cape Fear Skyway project in Brunswick and New Hanover counties. The project, an approximately 9.5-mile proposed toll road from the U.S. 17 Bypass in Brunswick County to U.S. 421 near Wilmington, includes a new high-rise bridge over the Cape Fear River. The central purpose of the project is to improve traffic flow and freight movements by connecting major routes in Brunswick and New Hanover counties, along with providing better access to the Port of Wilmington. In addition, the project would help reduce hurricane evacuation clearance time for residents and visitors and aid in emergency evacuation from Progress Energy's Brunswick Nuclear Plant in Southport.

In March, the Authority held two Citizens Informational Workshops regarding the Cape Fear Skyway in communities near the proposed project site. The workshops provided an opportunity for representatives from the project study team to share information, answer questions and receive comments in an informal setting. The Authority is working on the alternatives analysis, which will detail the different potential corridor options for study.

The Wilmington Urban Area Metropolitan Planning Organization has asked the Turnpike Authority to prepare corridor protection plans for the Cape Fear Skyway "northern alignment". Once funding is secured, the project is estimated to take five years to construct. Preliminary cost estimates for the project are between \$950 million and \$1.1 billion.

Schedule Snap Shot

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|---|------------------|
| <i>Draft Environmental Impact Statement</i> | To be determined |
| <i>Final Environmental Impact Statement</i> | To be determined |
| <i>Record of Decision</i> | To be determined |
| <i>Begin Construction</i> | To be determined |
| <i>Open to Traffic</i> | To be determined |



TRIANGLE EXPRESSWAY SOUTHEAST EXTENSION

Spanning nearly 30 miles, the proposed Southeast Extension would extend the Triangle Expressway and complete the 540 Raleigh Outer Loop. Construction is anticipated to be completed in two phases. Phase I is expected to run between N.C. 55 in Holly Springs to I-40 near the Johnston County line. Phase II would continue the project at I-40 and end at the U.S. 64/U.S. 264 Bypass in Knightdale.

Transportation demands, social and economic demands and mobility considerations are the basis for additional transportation infrastructure in southeastern Wake County. The proposed Southeast Extension would link the towns of Clayton, Garner, Fuquay Varina, Holly Springs, Apex, Cary and Raleigh. The project would increase the capacity of the existing roadway network and divert traffic from secondary roads in areas experiencing substantial growth.

The Southeast Extension project has been officially on hold following enactment of North Carolina Session Law 2011-7 (N.C. S.L. 2011-7) in March 2011. This law restricts the Turnpike Authority from considering alternatives for the Triangle Expressway Southeast Extension that are north of the protected “Orange” corridor. Since March 2011, our project work has been limited while we evaluate the implications of this law and how it impacts our ability to progress the project in accordance with the federal National Environmental Policy Act as well as the federal Clean Water Act.

Schedule Snap Shot

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|---|------------------|
| <i>Complete Environmental Study Process</i> | To be determined |
| <i>Complete Financial Feasibility</i> | To be determined |
| <i>Begin Construction</i> | To be determined |
| <i>Open to Traffic</i> | To be determined |

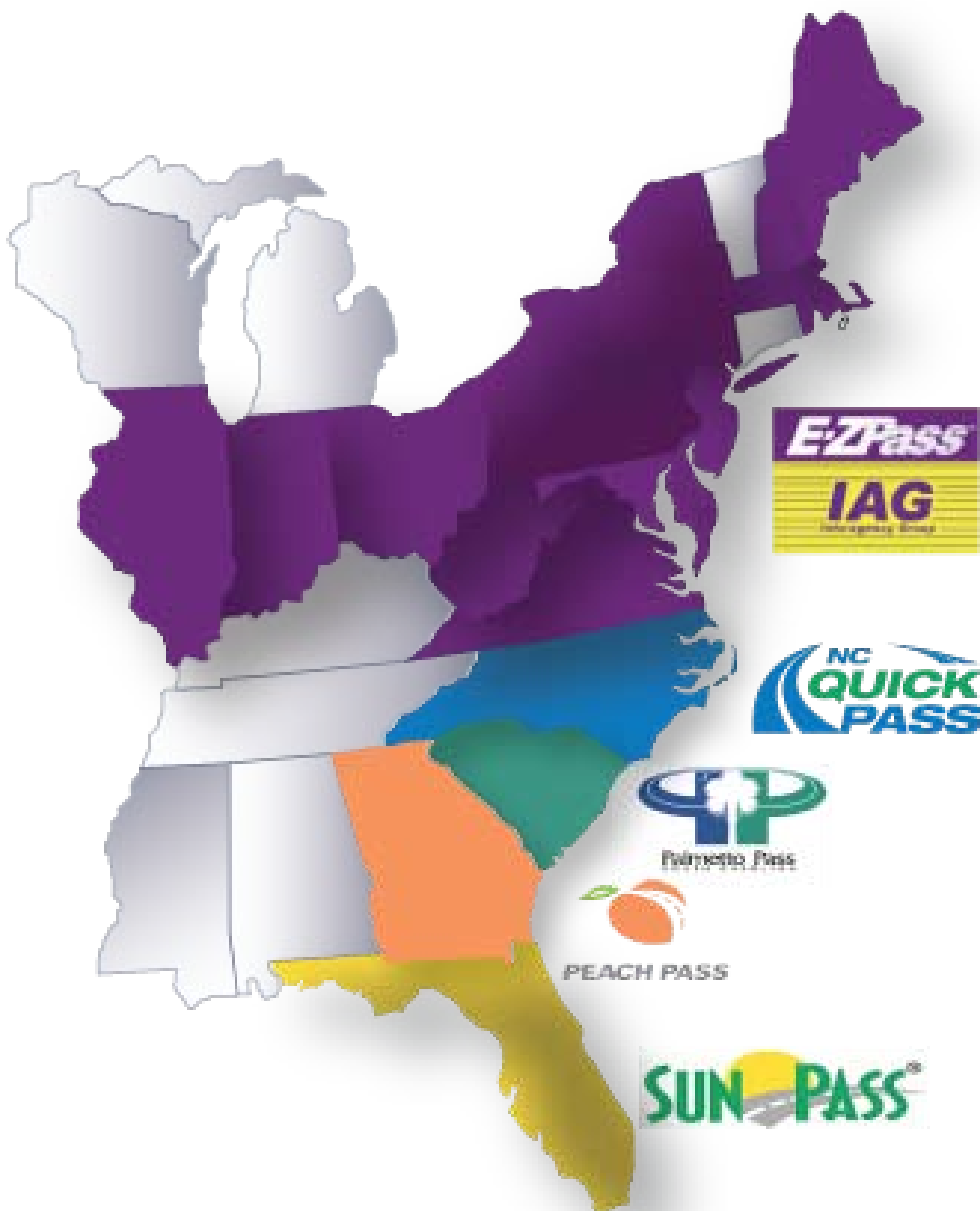


NC TOLL INTEROPERABILITY

Positioned between two major toll programs on the East Coast, E-ZPass in the Northeast and SunPass in Florida, the Authority faces the challenge of balancing the needs of two mature customer bases, while establishing a new customer base within North Carolina. The Authority has procured advanced Radio-Frequency ID (RFID) technology that will allow for not only NC Quick Pass™, but also E-ZPass and SunPass transponders, to be used as valid accounts on all North Carolina toll roads once state agreements are adopted in 2012. Additional agreements are also underway with smaller toll authorities in South Carolina and Georgia.

The Authority plays a leading role on the Board of Trustees of the Alliance for Toll Interoperability (ATI), a membership organization comprised of more than 40 toll operators across North America working together to establish avenues for national toll interoperability. ATI has been a keystone in bringing authorities together to solve major hurdles for interoperability and violation enforcement. In 2011, ATI:

- Released and awarded a Request for Proposals to establish an Interoperability Network Pilot Program, which kicked off in November 2011 to test the applicability of a HUB-based toll transaction network. The second phase of the RFP is the selection of a HUB operator, expected in the 1st quarter of 2012. The HUB based system will open the door to national interoperability by reducing reliance on specific technology.
- Finalized Draft Violation Enforcement Reciprocity Language that lets toll authorities enter into reciprocal agreements to enforce toll violations across state lines.
- Released a Request for Expressions of Interest for Product Demonstration (RFEIPD) to demonstrate toll collection technologies such as RFID, GPS, 5.9 GHz, video, etc. The RFEIPD is geared to become an avenue for toll authorities to test and certify toll equipment.
- Engaged other industry leaders to ensure tolling solutions are in line with sister organizations:
 - o Signed a Memorandum of Understanding with the E-ZPass Group (EZG) and International Bridge, Tunnel and Toll Association (IBTTA) to coordinate on interoperability efforts
 - o Formed a working group with American Association of Motor Vehicle Administrators (AAMVA), IBTTA and EZG to coordinate on issues surrounding license plates and registered owner databases
 - o Coordinating with the I-95 Corridor Coalition to draft Violation Enforcement Legislation, as well as supporting their Mileage-Based User Fee Advisory Committee



BUDGET OVERVIEW

| Current Projects | FY07 (k) | FY08 (k) | Actual | | APW/Budget | | Actual/Budget by Project |
|---|----------|----------|----------|----------|------------|-----------|-----------------------------|
| | | | FY09 (k) | FY10 (k) | FY11 (k) | FY12 (k) | |
| Triangle Expressway | 3,526.9 | 7,541.1 | 6,538.7 | 867.7 | 1,632.3 | — | 20,106.7 |
| Monroe Connector/Bypass | 424.1 | 3,314.6 | 4,057.7 | 5,490.1 | 285,494.1 | 150,276.1 | 449,056.7 |
| Garden Parkway | 1,111.5 | 3,159.6 | 2,096.3 | 6,233.5 | 7,015.5 | — | 19,616.4 |
| Mid-Currituck Bridge | 1,152.3 | 2,300.7 | 4,737.4 | 7,172.9 | 1,672.5 | | 17,035.8 |
| Triangle Expressway Southeast Extension | — | — | 188.0 | 5,081.0 | 4,034.2 | | 9,303.2 |
| Cape Fear Skyway | 575.5 | 1,213.8 | 1,267.6 | 1,234.2 | 2,481.1 | — | 6,772.2 |
| Other Projects | 26.4 | 0.2 | 119.6 | — | (146.2) | 146.1 | 146.1 |
| Total | 6,816.7 | 17,530.0 | 19,005.3 | 26,079.4 | 302,183.5 | 150,422.2 | 522,037.1 |
| Administrative Actual/Budget | 3,934.6 | 3,623.6 | 3,802.8 | 3,314.0 | 2,735.2 | 3,331.1 | 20,741.4 |
| Total Budgeted Annual Plan of Work | 10,751.3 | 21,153.6 | 22,808.1 | 29,393.4 | 304,918.8 | 153,753.3 | 542,778.5 |

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North Carolina Turnpike Authority

1578 Mail Service Center

Raleigh, NC 27699-1578

Raleigh, NC 27612

Phone: (919) 571-3000

N.C. Department of Transportation

1501 Mail Service Center

Raleigh, NC 27699-1501

Phone: (919) 733-2520

www.ncdot.gov

